

**Discounted/Sliding  
Fee Schedule  
Information Package**

## **DISCOUNTED/SLIDING FEE SCHEDULE Information Sheet**

### **What is a discounted/sliding fee schedule?**

Discounted/sliding fee schedules are locally derived mechanisms (discounts) to address how to equitably charge patients for services rendered. The mechanism must be in writing. Fees are set based on federal poverty guidelines; patient eligibility is determined by annual income and family size. Schedules are established and implemented to ensure that a non-discriminatory, uniform, and reasonable charge is consistently and evenly applied, on a routine basis. For patients whose income and family size place them below poverty, a "typical" nominal fee is often between \$7 and \$15; patients between 101-200% of poverty are expected to pay some percentage of the full fee. A discounted/sliding fee schedule applies only to amounts assessed to patients. Billing for third party coverage, i.e. Medicare, Medicaid, private insurance carriers, etc., is set at the usual and customary full charge.

### **Why have a discounted/sliding fee schedule?**

*For NHSC assignees/providers:*

Federal requirements prescribe that a locally determined discounted/sliding fee schedule be used, and that services be provided either at no fee or a nominal fee, as determined by the provider. The reasonableness of fees, and the percent of a full fee that is assessed, may be subject to review/challenge by federal reviewers during routine reviews by duly authorized federal staff, or their state counterparts.

### **How should a discounted/sliding fee schedule be developed?**

Each safety-net provider should take the following into consideration when developing a discounted/sliding fee schedule:

- Policy must be in writing and non-discriminatory;
- No patient is denied services due to an inability to pay;
- Signage is posted to ensure that patients are aware of availability of discounted/sliding fee;
- Patients complete a written application to determine financial eligibility for the discounted/sliding fee;
- A patient's privacy is protected;
- Records are kept to account for each visit and corresponding charges (if any);
- Patients below poverty are charged a nominal fee or not charged at all;
- Providers may establish any number of incremental percentages (discount pay class) as they find appropriate between 100-200% of poverty;
- Patients above 200% of poverty may be charged the full fee for the service(s), or; providers may continue to charge incremental percentages for services when patient income is above 200% of poverty, until 100% of the full fee is reached.

### **To which patients does a discounted/sliding fee schedule apply?**

By joining the safety-net, and accepting these licensed health care professionals into your practice, you are agreeing to apply the discounted/sliding fee schedule equally, consistently, on a continuous basis, to all recipients of services in the entirety of the site/location, without regard to the particular practitioner that treats them.

### **How and when is patient eligibility determined?**

The simplest approach is to accept the patient's word at the time the request is made. On future visits, it may be appropriate to require some form of verification. Verification will typically include tax returns and current pay stubs. In addition to annualized income verification, eligibility may be based on current participation in certain federal/state public assistance programs, examples of which include the following:

- Social Security Income (Disability);
- Temporary Assistance for Needy Families;
- Free or Reduced School Lunch Program;
- Other public assistance programs.

### **Whose income should be counted?**

Many safety-net providers count only the mother, father, and dependent children under 18 as the family. Other adults in the household, even though related, are considered separately.

### **Is every patient's income reviewed?**

This is up to the individual practice. Whatever methodology is applied, it must be non-discriminatory, uniform and evenly applied.

### **How long should discount status be extended?**

This is up to the practice. Many safety-net providers re-evaluate eligibility on an annual or semi-annual basis. As with any registration data, staff should ask at each visit whether anything has changed since the last visit. If income has changed this should trigger a re-evaluation.

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## 2005 INCOME and DISCOUNT ELIGIBILITY TABLES

*see source below					
ANNUAL INCOME					
Number in Household	<100% FPL: ANNUAL INCOME	100-149% FPL: ANNUAL INCOME	150-174% FPL: ANNUAL INCOME	175-199% FPL: ANNUAL INCOME	>200% FPL: ANNUAL INCOME
1	< 9,570	9,570 to 14,354	14,355 to 16,747	16,748 to 19,139	> 19,140
2	< 12,830	12,830 to 19,244	19,245 to 22,452	22,453 to 25,659	> 25,660
3	< 16,090	16,090 to 24,134	24,135 to 28,157	28,158 to 32,179	> 32,180
4	< 19,350	19,350 to 29,024	29,025 to 33,862	33,863 to 38,699	> 38,700
5	< 22,610	22,610 to 33,914	33,915 to 39,567	39,568 to 45,219	> 45,220
6	< 25,870	25,870 to 38,804	38,805 to 45,272	45,273 to 51,739	> 51,740
7	< 29,130	29,130 to 43,694	43,695 to 50,977	50,978 to 58,259	> 58,260
8	< 32,390	32,390 to 48,584	48,585 to 56,682	56,683 to 64,779	> 64,780

For family units with more than 8 members, add \$3,260 for each additional member. (The same increment applies to smaller family sizes also, as can be seen in the figures above.)

MONTHLY INCOME					
Number in Household	<100% FPL: ANNUAL INCOME	100-149% FPL: ANNUAL INCOME	150-174% FPL: ANNUAL INCOME	175-199% FPL: ANNUAL INCOME	>200% FPL: ANNUAL INCOME
1	< 798	798 to 1,195	1,196 to 1,395	1,396 to 1,594	> 1,595
2	< 1,069	1,069 to 1,603	1,604 to 1,870	1,871 to 2,137	> 2,138
3	< 1,341	1,341 to 2,010	2,011 to 2,345	2,346 to 2,681	> 2,682
4	< 1,613	1,613 to 2,418	2,419 to 2,821	2,822 to 3,224	> 3,225
5	< 1,884	1,884 to 2,825	2,826 to 3,296	3,297 to 3,767	> 3,768
6	< 2,156	2,156 to 3,233	3,234 to 3,772	3,773 to 4,311	> 4,312
7	< 2,428	2,428 to 3,640	3,641 to 4,247	4,248 to 4,854	> 4,855
8	< 2,699	2,699 to 4,048	4,049 to 4,723	4,724 to 5,397	> 5,398

HOURLY INCOME					
Number in Household	<100% FPL: HOURLY INCOME	100-149% FPL: HOURLY INCOME	150-174% FPL: HOURLY INCOME	175-199% FPL: HOURLY INCOME	>200% FPL: HOURLY INCOME
1	< 4.60	4.60 to 6.89	6.90 to 8.04	8.05 to 9.19	> 9.20
2	< 6.17	6.17 to 9.24	9.25 to 10.78	10.79 to 12.33	> 12.34
3	< 7.74	7.74 to 11.59	11.60 to 13.53	13.54 to 15.46	> 15.47
4	< 9.30	9.30 to 13.94	13.95 to 16.27	16.28 to 18.60	> 18.61
5	< 10.87	10.87 to 16.30	16.31 to 19.01	19.02 to 21.73	> 21.74
6	< 12.44	12.44 to 18.65	18.66 to 21.76	21.77 to 24.87	> 24.88
7	< 14.00	14.00 to 21.00	21.01 to 24.50	24.51 to 28.00	> 28.01
8	< 15.57	15.57 to 23.35	23.36 to 27.24	27.25 to 31.13	> 31.14

\* SOURCE: **Federal Register**: Vol. 70, No. 33 Friday, February 18, 2005 <http://aspe.hhs.gov/poverty/05poverty.shtml>  
The following table provides an example of a sliding-fee schedule

### EXAMPLE

Sample DISCOUNT - SLIDING-FEE SCHEDULE

<100% FPL: ANNUAL INCOME		100-149% FPL: ANNUAL INCOME	150-174% FPL: ANNUAL INCOME	175-199% FPL: ANNUAL INCOME	>200% FPL: ANNUAL INCOME
Discount	100%	75%	50%	25%	0%
Sliding-Fee	Free care	Pay 25% of Charges	Pay 50% of Charges	Pay 75% of Charges	Pay Full Charges
Accounting Code	P0	P1	P2	P3	P4

Source: Charitable Provider Manual 2003 page 14

**“SAMPLE” HEALTH CENTER**  
**Discounted/Sliding Fee Application**

It is the “Sample” Health Center policy to provide essential services regardless of the patient’s ability to pay. Discounts are offered depending upon family income and size. Please complete the following information and return to the front desk to determine if you or members of your family are eligible for a discount.

The discount will apply to all services received at the center but not those services which are purchased from outside such as reference laboratory testing, drugs, x-ray interpretation by a consulting radiologist, and similar services. In the hope that your economic health improves, discounts apply only to current, not future services. This form must be completed for each visit. Please inquire at the front desk if you have questions.

Number of related persons living in your household: \_\_\_\_\_

Total household income: (complete one column)

Household Member	Household Income (complete one column)		
	Annual	Monthly	Bi-Weekly
Self			
Spouse			
Relatives			
Total			

Note: Include income from all related persons in household and income from all sources including gross wages, tips, social security, disability, pensions, annuities, veterans payments, net business or self employment, alimony, child support, military, unemployment, public aid, and other.

I certify that the family size and income information shown above is correct. Copies of tax returns, pay stubs, and other information verifying income may be required before a discount is approved.

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Signature/Date

Office Use Only	
Patient Name _____	Discount _____
Date of Service _____	Approved by _____

**“SAMPLE” HEALTH CENTER**  
**Family Assistance Plan Application**

Name of Head of Household		Place of Employment		
Street	City	State	Zip	Phone
Health Insurance Plan		Social Security Number		

**Please list spouse and dependents under age 18**

Name	Date of Birth	Name	Date of Birth
Self		Dependent	
Spouse		Dependent	
Dependent		Dependent	
Dependent		Dependent	

**Annual Household Income**

Source	Self	Spouse	Other	Total
Gross wages, salaries, tips, etc.				
Social security, pension, annuity, and veteran's benefits				
Alimony, child support, military family allotments				
Income from business self employment, and dependents				
Rent, interest, dividend, and other income				
<b>Total Income</b>				

<b>Verification Checklist</b> (attach copies)	Yes	No
Identification/Address: Driver's license, birth certificate, employment ID, social security card or other		
Income: Prior year tax return, three most recent pay stubs, or other		
Insurance: Insurance card(s)		
Medicaid: Application made or evidence of rejection.		

I certify that the information shown above is correct and understand verification is required for approval.

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Signature/Date

<b>Office Use Only</b>	
Pay class approved: _____	Effective date: _____
Approved by: _____	Expiration date: _____

## FEDERAL POVERTY GUIDELINES

### What are the federal poverty guidelines?

The poverty guidelines are a version of the income thresholds used by the Census Bureau to estimate people in poverty. The thresholds are expressed as the annual income levels below which the person or family members are considered in poverty. The income threshold increases by a constant amount for each additional family member. The guidelines are ***updated annually*** to account for increases in the Consumer Price Index.

### Who issues the poverty guidelines?

DHHS is required by law to issue the guidelines. DHHS guidelines determine 100% of the Federal Poverty Level (FPL).

### Where can you get the current poverty guidelines?

The guidelines are published annually in the Federal Register and usually appear by early March. Updates may be found at <http://aspe.hhs.gov/poverty/>.

### **2005 Annual Update of the HHS Poverty Guidelines for the 48 Contiguous States and the District of Columbia**

(1) Persons in family unit	(2) Poverty thresholds for 2003 - published Aug. 2004 <sup>a/</sup>	(3) Column 2 multiplied by 1.027 price inflater <sup>b/</sup>	(4) Difference between successive Column 3 entries	(5) Average difference in Column 4 <sup>c/</sup>	(6) February 2005 poverty guidelines
1	\$9,393	\$9,647			\$9,570
			\$2,692	\$3,260	
2	12,015	12,339			12,830
			2,737	3,260	
3	14,680	15,076			16,090
			4,242	3,260	
4	18,810	19,318			19,350 <sup>d/</sup>
			3,528	3,260	
5	22,245	22,846			22,610
			2,954	3,260	
6	25,122	25,800			25,870
			3,515	3,260	
7	28,544	29,315			29,130
			3,127	3,260	
8	31,589	32,442			32,390

**Notes:**

**a/** Column 2 entries are weighted average poverty thresholds from U.S. Census Bureau, Current Population Reports, Series P60-226, *Income, Poverty, and Health Insurance Coverage in the United States: 2003*, Washington, D.C., U.S. Government Printing Office, August 2004, p. 39.

**b/** Price inflation calculated from Table 1A of U.S. Department of Labor, Consumer Price Index press release (USD-05-99), January 19, 2005. (The Consumer Price Index (CPI-U) for all items was 184.0 for calendar year 2003 and 188.9 for calendar year 2004, an increase of 2.7 percent.)

**c/** The arithmetic average of Column 4 entries, rounded to the nearest multiple of \$20.

**d/** Obtained by multiplying the average poverty threshold for a family unit of four persons for 2003 (\$18,810, from Column 2) by the price increase factor from 2003 to 2004 (1.027) and rounding the result upward to the nearest whole multiple of \$50. All other entries in Column 6 are obtained by successive addition or subtraction of the average difference (\$3,260) to the size—4 2005 guideline entry (\$19,350).

For Alaska and Hawaii, where the cost of living is traditionally believed to be significantly higher than in other states, scaling factors of 1.25 and 1.15, respectively, are applied to the 2005 guideline for a family of four for the 48 contiguous states, and the results (if not already a multiple of \$10) are rounded upward to the nearest whole multiple of \$10. (These scaling factors were based on Office of Economic Opportunity administrative practice for these two states only beginning in the 1966-1970 period.) These scaling factors are applied to the average difference for the 48 contiguous states (Column 5) to obtain average differences for Alaska and Hawaii for deriving guidelines for other family sizes; these average differences for Alaska and Hawaii are rounded to the nearest multiple of \$10. For families with more than 8 persons, add the following amount for each additional person: \$3,260 (48 contiguous states and the District of Columbia); \$4,080 (Alaska); \$3,750 (Hawaii).

**SOURCE:** *Federal Register*, Vol. 70, No. 33, February 18 2005 pp. 8373-8375.



## **PUBLIC NOTICE SIGNAGE**

The following examples show it is not required that a posting give all the details about the discount policy, nor is it required to post the actual discounted/sliding fee schedule. It is recommended that the sign be posted in a conspicuous location such as beside the front desk. It may be helpful to have the sign in several languages.

### ***Notice to Patients:***

***This health center serves  
all patients  
regardless of ability to pay.***

***Discounts for essential services  
are offered depending on  
family size and income.***

***You may apply for a discount  
at the front desk.***

# **NOTICE**

## **THIS PRACTICE HAS ADOPTED THE FOLLOWING POLICIES FOR CHARGES FOR HEALTH CARE SERVICES**

We will charge persons receiving health services at the usual and customary rate prevailing in this area. Health services will be provided at no charge, or at a reduced charge, to persons unable to pay for services. In addition, persons will be charged for services to the extent that payment will be made by a third party authorized or under legal obligation to pay the charges.

We will not discriminate against any person receiving health services because of their inability to pay for services, or because payment for the health services will be made under Part A or B of Title XVIII ("Medicare") or Title XIX ("Medicaid") of the Social Security Act.

We will accept assignment under the Social Security Act for all services for which payment may be made under Part B of Title XVIII ("Medicare") of the Act.

We have an agreement with the State agency which administers the State plan for medical assistance under Title XIX ("Medicaid") of the Social Security Act to provide services to persons entitled to medical assistance under the plan.